Dream on! Expert advice for entrepreneurs

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IESE professor Pedro Nueno offers expert advice for a young entrepreneur starting out in his book Letters to a Young Entrepreneur.

"Dear Robert, you're telling me you're quitting your job because you're sick of your boss and you want to start your own venture. While I think you are quite capable, I recommend being prudent. I don't think you should give up what you have right now.

"Being an entrepreneur means keeping your eyes open to new opportunities and capitalizing on them when they arise. Don't rush things. Later, when you start your own business, you will do so with your feet planted firmly on the ground and a more realistic game plan in hand."

Using 21 letters like this one, IESE Prof. Pedro Nueno, in his book *Letters to a Young Entrepreneur*, analyzes the factors an entrepreneur should consider in order to launch out successfully.

What does entrepreneurship entail?

According to Nueno, it means figuring out a way to discover something that everyone senses or wants, but that no one knows how to achieve or has actually decided to go after.

For that, a special knack is needed, but it is not impossible to acquire: it is a process that can be taught and learned.

Nueno presents numerous examples that arise in the careers of all entrepreneurs. These examples cover the steps that should be taken before arriving at the creation of a new

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project. These include:

- recognizing an opportunity;
- evaluating it and adding the specifics;
- preparing a business plan;
- seeking out resources;
- adjusting the model to the shifting circumstances of the market;
- enhancing the value of the company through sale or going public.

Tales from the dark side

Nueno also evaluates entrepreneurship from different socio-cultural perspectives, including China, where he has spent some time.

He finds that the basic principles do not vary much with geography, but that different cultural or economic environments can condition the importance of certain aspects of the entrepreneurial process.

For example, in the chapter on China, Nueno reflects on the importance of networking. Knowing how to make good use of *guanxi* -- those door-opening connections and personal networks of relationships, favors, debts and bonds -- proves rather necessary for anyone looking to start from scratch and head down that path there.

To illustrate this point, Nueno writes of a young Chinese man who wants to start his own business in Barcelona. For him, it is the large community of Chinese expatriates living in Barcelona who will most likely help to pave the way.

Another of his letters offers cautionary tales for risk-taking entrepreneurs.

When once attending a graduation dinner for a program of presidents of very important companies in China, Nueno recalls being dumbfounded when one of them made the following toast: "Here's to us all being out of jail a year from now."

The toastmaster later explained: "We live in an environment that is so vaguely regulated, and we are moving at such speed, that at some point we may be doing something wrong without even realizing it."

A year later, the one who gave that toast was in jail.

Nueno is convinced that such an ending need not be a given. Rather, it is a combination of

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mimicry, ignorance, being surrounded by a weak team, a lack of sensitivity to what is right and wrong, and even a misconception about enterprise itself that leads eager entrepreneurs to become so misguided.

Always behave in a correct manner

The final chapter expands on this theme, featuring a letter written by a jailed businessman to his kids.

Engaging in what Nueno calls "the unhealthy side of entrepreneurial activity," he painfully relates the factors that led him to break the law and ultimately lose his freedom.

If a project should take a turn for the worse, the entrepreneur will come under enormous pressure to try to minimize losses and restore his or her damaged credibility.

Make no mistake: any improper action when dealing with partners, customers, providers, labor or tax authorities will be found out by some lawyer and could mean prison time, so watch your back, Nueno says.

A final postscript: entrepreneurship requires intense dedication, plenty of trial and error, and carries no guarantee that the entire enterprise won't one day crumble to dust.

Still, Nueno insists that it is entrepreneurial efforts that keep the economy ticking along and contribute to human development in general. They are the ones who turn useful ideas into job positions, despite not always achieving great success.

They often find themselves walking a tightrope, since their projects may clash with laws that are perhaps too strict or unsuitable for their needs.

And though they must be dreamers, he adds, they must not be so dreamy that they harm the development of their business idea.

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